Canada. National Energy Board.

News Release

National Energy Board  Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

**09/05**
For release at 2:30 p.m. (MDT)
19 March 2009

## NEB SETS TQM'S TOTAL RETURN ON CAPITAL FOR 2007 AND 2008 AT 6.4 PER CENT

**CALGARY** — In a decision released today on the 2007 and 2008 cost of capital application submitted by Trans Québec & Maritimes Inc. (TQM), the National Energy Board (NEB) agreed to vary from its previous methodology and set a 6.4 per cent total weighted average after-tax return for each of the two years.

Had no changes been made, TQM's total allowed return would have been approximately 5.5 per cent.

Until this application, TQM had relied on the formula established in the RH-2-94 Decision, which determined its return on equity. In the current Decision, the NEB granted TQM's request to vary from the RH-2-94 Decision and did so after considering, among other things, changes that have impacted financial markets and economic conditions.

To determine TQM's total return for 2007 and 2008, the NEB took into account financial market information. In doing so, the Board relied on the market-based After-Tax Weighted Average Cost of Capital (ATWACC) methodology. For the purpose of the current proceeding, the NEB stated that this methodology better utilizes financial market information.

The NEB found that changes in the dynamics of natural gas end-use markets and potential supply sources, as well as increased competition among pipelines, have combined to create greater business risk for TQM.

The NEB set TQM's total return without identifying a capital structure, in keeping with the Board's goal-oriented approach to regulation. In the Board's view, this approach is more aligned with the way capital budgeting decision making takes place in the business world.

With this decision, TQM will finalize the tolls it charges to its shippers for service during the period of 1 January 2007 to 31 December 2008.

Celebrating 50 years of regulatory leadership, the NEB is an independent federal agency that regulates several parts of Canada's energy industry. Its purpose is to promote safety and security, environmental protection, and efficient energy infrastructure and markets in the Canadian public interest, within the mandate set by Parliament in the regulation of pipelines, energy development and trade.

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**This news release and the Reasons for Decision are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!**

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

08/31
For release at 2:30 p.m. (MDT)
4 September 2008

## NATIONAL ENERGY BOARD APPROVES MOST ELEMENTS OF REPSOL APPLICATION FOR LICENCES TO IMPORT LIQUID NATURAL GAS AND EXPORT NATURAL GAS

**CALGARY** — The National Energy Board (NEB) today approved an application by Repsol Energy Canada Ltd. (Repsol) for a long-term licence authorizing the importation of liquefied natural gas (LNG) into Canada, and a separate licence to export regasified LNG from Canada to the United States.

In its application, Repsol stated that the LNG will supply the Canaport™ LNG Terminal at Mispec Point, near Saint John, New Brunswick. After it is transformed back into gas, the natural gas will serve the domestic Canadian market and also be available for export to markets in the United States through the Emera Brunswick Pipeline.

After applying a market-based approach, the NEB was satisfied that the proposed import of LNG at the Canaport™ LNG Terminal is in the Canadian public interest. The NEB concluded that the volumes to be imported should be a useful addition to the supply of natural gas in North America, supplementing the supply available to Canadians to meet their energy needs. The NEB was also satisfied that Repsol will make the imported LNG available to Canadian buyers with the same financial terms and prices that will be given to export customers.

The NEB applied the Market-Based Procedure and granted the export licence that allows the regasified imported LNG to be exported to the United States.

However, the NEB denied Repsol's request to export Canadian-sourced natural gas as part of the export licence. Repsol's application did not contain sufficient information to meet the requirements of the Market-Based Procedure.

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**This news release and the Reasons for Decision are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!**

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



**08/27**
**For release at 2:30 p.m. (MDT)**
**17 July 2008**

## NEB APPROVES KEYSTONE CUSHING EXPANSION PROJECT

**CALGARY** — The National Energy Board (NEB) today approved the TransCanada Keystone Pipeline GP Ltd. (Keystone) Cushing application to expand the Canadian portion of the Keystone pipeline, approved by the NEB on 20 September 2007.

The expanded facilities will allow Keystone to increase its transportation capacity by 24,800 $m^3$/d (cubic metres per day), equivalent to 156,000 barrels per day (bpd). The overall transportation capacity will increase from the previously projected 69,200 $m^3$/d (435,000 bpd), to 94,000 $m^3$/d (591,000 bpd).

The Canadian portion of the Keystone pipeline will extend from Hardisty, Alberta to a point near Haskett, Manitoba. The expansion, consisting of seven new pump stations, increased motor sizes at seven pump stations, and the addition of pumping units at 13 previously approved pump stations, has an estimated value of $348 million.

In making its decision, the NEB heard from intervenors on several issues. The Métis Nation – Saskatchewan stated that Keystone failed to identify it as an interested stakeholder and to provide information at the start of project consultation. The Alberta Association of Pipeline Landowners and the Hadwin Cattle Co. Ltd. expressed concerns related to land use, including noise impacts. The Alberta Federation of Labour stated that the project could have negative consequences for domestic industries and employment.

The NEB was generally satisfied with Keystone's consultation efforts with stakeholders. In order to monitor ongoing consultation efforts, the NEB directed Keystone to provide further updates on its consultation with all potentially affected persons and groups, including the Métis Nation – Saskatchewan.

The NEB also directed Keystone to provide information from the detailed comprehensive noise assessment to the Alberta Association of Pipeline Landowners and the Hadwin Cattle Co. Ltd.

On balance, the NEB determined that the Cushing Expansion will likely provide a positive economic benefit for Canadians. The NEB also determined that Keystone's proposal is consistent with tolling and tariff requirements of Part IV of the NEB Act.

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**This news release and the Reasons for Decision are available on the Board's website at www.neb-one.gc.ca under *What's New*!**

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



**07/29**
**For immediate release**
**10 October 2007**

## SHORT TERM DECREASE SEEN FOR CANADIAN NATURAL GAS DELIVERABILITY

**CALGARY** — Deliverability of Canadian natural gas will decline by seven to 15 per cent during 2007 - 2009, says a National Energy Board (NEB) report released today.

The report, *Short-term Canadian Natural Gas Deliverability 2007-2009*, says gas deliverability will decrease from 483 million cubic metres per day ($m^3$/d) or 17.1 billion cubic feet per day (Bcf/d) at the end of 2006, to a lower range between 410 and 449 million $m^3$/d in 2009 (14.5 to 15.8 Bcf/d).

“The drilling pace that sustained Canadian natural gas deliverability is gone, for the moment,” said National Energy Board Chair Gaétan Caron.

Most of Canada’s natural gas resource lies in the Western Canada Sedimentary Basin (WCSB). In recent years, the average production from new wells in the WCSB has decreased gradually as the basin matures. High levels of new drilling and exploration activity driven by high demand and prices for natural gas helped maintain the overall production levels of natural gas, despite rising costs for drilling and exploration.

In mid-2006, drilling slowed down in the WCSB for several reasons: continued high costs including labour, the increasing Canadian dollar value affecting profit margins on U.S. exports, and stable, moderate natural gas prices reducing the return on investment. Another contributing factor is investment in oil and oil sands development, which competes for investment capital with natural gas drilling.

With less drilling, natural gas production is starting to decrease. The flow of conventional natural gas from the maturing WCSB is expected to decrease from an annual average of 458 million $m^3$/d (16.2 Bcf/d) for 2006 to 389 million $m^3$/d (13.7 Bcf/d) in 2009.

Ongoing drilling is increasingly focused on the deeper western side of the WCSB. This area requires more complex drilling that is more expensive, but, the potential for larger returns is high. Producers will continue to develop and improve their techniques to unlock the more challenging gas resources.

“We see cause for optimism as deeper drilling and improved techniques help producers deliver tighter gas from deeper wells,” added Caron. “In the longer term, Canadians should rest assured that their natural gas needs will be met as other sources, such as unconventional gas, liquefied natural gas, or gas from frontier areas, enter Canada’s energy market.”

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Canada

Coalbed methane (CBM) is another positive story. The 2007 NEB report projects continued growth in CBM, though more moderately than 2003-2006, to approximately 23 million $m^3$/d (0.81 Bcf/d) by 2009 in the NEB reference case projection, up from 14.5 million $m^3$/d in 2006.

Canada is the world's third largest producer of natural gas, after Russia and the U.S. Natural gas exports from Canada were valued at $27 billion in 2006.

The NEB is an independent federal agency that regulates several parts of Canada's energy industry. Its purpose is to promote safety and security, environmental protection, and efficient energy infrastructure and markets in the Canadian public interest, within the mandate set by Parliament in the regulation of pipelines, energy development and trade. As part of its mandate the NEB monitors the supply of all energy commodities in Canada and publishes reports on energy, called Energy Market Assessments.

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**This news release and the Energy Market Assessment *Short-term Canadian Natural Gas Deliverability 2007-2009* are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!**

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National Energy Board
Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

**07/32**
**For immediate release**
**2 October 2007**

**National Energy Board Seeks Public Input on the Scope of The EasternAccess Pipeline Environmental Assessment**

CALGARY - The National Energy Board (NEB) is seeking public input on the scope of the environmental assessment for the proposed EasternAccess Pipeline Project.

The draft document sets out the work to be done in the environmental assessment and is based on a project description filed with the NEB by Trans Québec and Maritimes Pipeline Inc. The purpose of this public consultation is to seek comments from the public to finalize the extent of the environmental assessment.

The NEB and Transport Canada are responsible for ensuring that the environmental assessment meets the requirements set out in the scoping document.

The project consists of building a 30-inch (762 millimetre) gas pipeline between Cacouna and Saint-Nicolas, in the province of Québec. The pipeline, approximately 230 kilometres in length, would transport natural gas from the proposed LNG terminal in Cacouna to markets in Québec, Ontario and northeastern United States.

The scope of the environmental assessment, along with a letter outlining details such as the environmental assessment process and opportunities for future public participation, can be found on the NEB web site at www.neb-one.gc.ca in a document entitled **Scope and Detailed Guidelines for Environmental Assessment under the *Canadian Environmental Assessment Act,* TQM Pipeline EasternAccess Project**.

Written comments on the draft environmental assessment scoping document may be filed by mail, facsimile or online with the Secretary of the National Energy Board.

Please note that while the scoping document and letter state that the deadline for filing comments would be Friday, 12 October 2007, the NEB has decided to extend the comment period to allow more time for public input. The new deadline has been set for Wednesday, 31 October 2007.

Filings can be sent by mail to:

Ms. Claudine Dutil-Berry
Secretary of the Board
National Energy Board
444 - Seventh Avenue S.W.
Calgary, AB T2P 0X8

Filings can be sent by facsimile at 403-292-5503 or toll free at 1-877-288-8803.

An on-line comment form is also available on the NEB web site. The link can be found in the right hand margin, scroll down to “Anticipated Applications” and under "EasternAccess Pipeline," scroll down to "**Scope and Detailed Guidelines for Environmental Assessment under the *Canadian Environmental Assessment Act,* TQM Pipeline EasternAccess Project**," and click on the link entitled "On-line Comment Form").

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This news release is available on the NEB Internet site at www.neb-one.gc.ca under *What's New*!

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To obtain a copy of the Scope and Detailed Guidelines for Environmental Assessment under the *Canadian Environmental Assessment Act,*TQM Pipeline EasternAccess Project, please contact:

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

**07/23**
**For immediate release**
**27 July 2007**

## CAPACITY CONSTRAINTS COMING SAYS NEB REPORT

**CALGARY** — Canadian crude oil pipelines could be facing a transportation bottleneck this fall says a new report released by the National Energy Board (NEB) today.

According to *An Assessment of the Canadian Hydrocarbon Transportation System,* there will likely not be enough pipeline capacity this fall to ship the surge of crude being pumped from Alberta's oil sands. By the fourth quarter of 2007, western Canadian oil pipelines could be facing periods of apportionment – a situation in which available pipeline space is "apportioned" or shared among shippers. With no significant additions to the Canadian pipeline system planned before 2009, apportionment could be in place for up to 18 months.

Looming capacity constraints come just as Canadian oil producers are ramping up operations. According to the NEB's 2006 Canadian Energy Overview, Canadian oil production is expected to rise nine per cent to 2.9 million barrels per day in 2007 due largely to increased demand for Canadian crude south of the border.

"This report clearly states that capacity constraints on oil pipelines in Canada are coming," said Acting National Energy Board Chairman Gaétan Caron.

"Most of us use hydrocarbons in one form or another every day of our lives. More than ever, we need to remind ourselves that meeting our energy needs in Canada is about making our overall energy system work."

While capacity constraints may be coming down the pipe for the oil industry, it's a different story for natural gas pipelines. According to the report, not only is there adequate capacity on most NEB-regulated gas pipelines, there is also some spare capacity, even in winter, when demand for natural gas traditionally jumps.

The third annual report takes a look at the adequacy and economic efficiency of the nearly 45 000 km of pipeline regulated by the NEB. The report noted that pipeline companies regulated by the NEB are currently able to attract the financial resources needed to maintain their systems and meet the needs of the changing market. However, some pipeline companies and investors have raised concern over their future ability to attract capital given their current return on equity ratios.



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**This news release, a series of Frequently Asked Questions and *An Assessment of the Canadian Hydrocarbon Transportation System* are available on the Board's Internet site at www.neb-one.gc.ca under *What's New*!**

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



**03/32**
**For immediate release**
**8 December 2003**

**NEB RELEASES SHORT-TERM NATURAL GAS DELIVERABILITY REPORT FOR WESTERN CANADA SEDIMENTARY BASIN**

**CALGARY** – The National Energy Board projects that, with the expected high levels of drilling activity, deliverability from the Western Canada Sedimentary Basin (WCSB) will be maintained near current levels at approximately 450 million cubic metres (16 billion cubic feet) per day over the next two years. The Board today issued an Energy Market Assessment (EMA) entitled *Short-term Natural Gas Deliverability from the Western Canada Sedimentary Basin 2003-2005*. The Board's report reviews historical production and drilling activity and also provides an outlook for the period 2003-2005.

Board Chairman Ken Vollman says "This report assesses the short-term deliverability from the WCSB and is part of the Board's ongoing commitment to inform Canadians about short and long-term energy market trends. The high decline rate associated with production from existing gas wells and the trend of decreasing productivity in new gas wells, as indicated in this report, present challenges to maintaining production levels from the WCSB. However, with market forces driving record levels of drilling and the development of increasingly diverse resources, the Board expects that production from new gas wells will largely offset decline is existing gas wells and keep overall basin deliverability close to current levels for the next two years."

The overall rate at which production is declining from currently producing connections is a major factor in the deliverability expectations from the basin. The overall annual decline rate of gas production from all well connections producing at the end of 2002 is estimated to be 22.8 percent over the year 2003. At this rate of decline, and at marketable production of approximately 462 million cubic metres (16.3 billion cubic feet) per day, the reduction in deliverability due to decline in currently producing wells for a one year period is about 94 million cubic metres (3.3 billion cubic feet) per day. In other words, producers must drill to replace this large volume just to maintain overall deliverability from the Basin.

In recent years, deliverability additions due to new gas well connections have been roughly equal to the decline in deliverability of older gas well connections, resulting in a relatively flat production profile for the WCSB since 1998. However, the average productivity of new gas well connections in the WCSB has been decreasing over the past six or seven years, and as a result, an increasing number of connections have been needed to keep the profile flat. Simply, it is more challenging with each passing year to develop new gas production to offset annual decline from older wells. The Board's analysis recognizes a trend of decreasing productivity in new gas well connections, which is expected to continue in most areas of the WCSB over the 2003 to 2005 period. With the expectation of high rates of drilling, the Board now estimates that new gas well connections in 2003 will total 14,400 and for 2004 and 2005, they are estimated to be 13,850 and 12,850, respectively. With this level of activity and expected producing characteristics from new wells, the Board projects that deliverability from the WCSB will be 460 million cubic metres (16.2 billion cubic feet) per day at the end of 2003, 458 million cubic metres (16.2 billion cubic feet) per day by the end of 2004, and 448 million cubic metres (15.8 billion cubic feet) per day at the end of 2005.

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Over the next two years the Board expects that gas well development and performance will generally follow the historical trends. However, changing market conditions and advances in technology can have a significant impact on producing trends. The Board will continue to monitor production trends in the WCSB and release reports from time to time.

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**This News Release and the *Short-term Natural Gas Deliverability from the Western Canada Sedimentary Basin 2003-2005* Report are available on the Board's Internet site at http://www.neb-one.gc.ca**

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**For a copy of the *Short-term Natural Gas Deliverability from the Western Canada Sedimentary Basin 2003-2005* Report:**

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

**03/05**
**For immediate release**
**23 January 2003**

## Restructured electricity market has not resulted in increased exports
## NEB releases report on the Canadian electricity market

**CALGARY** — The restructuring of electricity markets over the past decade has not resulted in increased exports, according to an Energy Market Assessment (EMA) released by the National Energy Board (the Board) today. Due to a number of factors, electricity exports have in fact declined since the mid-1990s, *Canadian Electricity Exports and Imports: An Energy Market Assessment* goes on to explain.

"The percentage of electricity exported by the industry is much lower than the export percentages in the oil and gas industry," said Board Chairman, Ken Vollman. "Even though we have seen some interest for new electricity export permits, recent trends do not lend support to the prospect of a substantial increase in electricity exports in the near future."

The timing of this report was prompted by the recent increase in applications to the Board and significant market developments such as the opening of electricity markets in Alberta and Ontario, and the restructuring of electricity markets in the United States.

In addition to examining the recent trends in electricity exports and imports, associated revenue and pricing, the report also looks at issues and implications of this trade from a provincial standpoint. The analysis is based primarily on data submitted to the Board by electricity exporters and is augmented by information obtained through consultations with interested parties representing electricity generators, exporters, power consumers and public interest groups.

The Board produces reports on energy markets as part of its regulatory mandate to monitor the supply of energy commodities in Canada and the demand for Canadian energy in domestic and export markets. These assessments are also produced to contribute to the public's awareness and understanding of current developments in the energy sector. The Board's previous electricity EMA was published in May 2001.

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**This news release and *Canadian Electricity Exports and Imports: An Energy Market Assessment* are also available on the Board's Internet site at www.neb-one.gc.ca under *What's New!***

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**For a copy of *Canadian Electricity Exports and Imports: An Energy Market Assessment***

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## Backgrounder

This Energy Market Assessment has been undertaken by the National Energy Board (NEB or the Board) as part of its regulatory mandate with respect to the monitoring of Canadian energy markets. The report focuses on recent trends in Canadian electricity exports and imports, and the associated revenue and pricing, in the context of the major developments in electricity markets in Canada and the United States (U.S.) over the past decade. This includes discussion of some of the issues and implications of electricity trade for consumers and the electricity industry.

Exports and imports in this report refer to international electricity transfers between Canada and the U.S.

**Electricity Exports and Imports**

Canada has historically been an exporter of electricity to the U.S. While there is substantial variation among the provinces, at the national level electricity exports have typically been 7-9 percent of generation. Québec, Manitoba and British Columbia (B.C.), where hydro power is the dominant source of electricity generation, have accounted for 80-85 percent of Canadian exports in recent years.

Exports increased in the early 1990s, largely resulting from surplus generating capacity in Manitoba, Ontario and Québec. The restructuring of electricity markets, particularly in regard to the emergence of independent power producers and improved access to transmission systems, has resulted in increased opportunities for trade, but has not resulted in increased exports. On balance, exports have declined over the past five years reflecting increased domestic demand combined with no corresponding increase in generation capacity.

Since 1996 electricity imports have increased, partly due to higher imports to Ontario following the lay-up (removal from service) of a number of nuclear generating units. In addition, importers, mainly in B.C. and Québec, have taken advantage of energy trading opportunities as access to U.S. transmission systems improved, following the implementation of Order 888 by the U.S. Federal Energy Regulatory Commission (FERC).

As a result of lower exports and higher imports, net exports declined from 40 terawatt hours in (TW.h) 1996 to an estimated 25 TW.h in 2002. However, because of higher electricity export prices, Canadian international trade in electricity has continued to yield net revenues of $1 billion to $2 billion per year, except in 2000 and 2001, when they were about $3 billion.

The magnitude of trade and factors motivating trade vary by province. Manitoba, Québec and B.C. are direct exporters from their generation reserve margins, whereas the provinces of Ontario, Saskatchewan and Alberta, which mainly rely on thermal generation, utilize exports and imports to optimize the use of generating facilities and provide system reliability. Apart from these considerations, thermal generation technology is not much different in Canada than it is in the U.S., and there is not much difference in the availability and price of fuels. Therefore, gas-fired or coal-fired generation in Canada and adjacent regions in the U.S. tend to have similar costs.

Although the NEB has seen some acceleration in interest for new export permits, recent exports trends do not lend support to the prospect of a substantial increase in electricity exports in the immediate future.

There is some potential upside to exports that could result from the return to service of nuclear units in Ontario, depending on the timing, and continued availability of Ontario's other supply options.

Over the longer term, electricity exports may increase due to: the possibility of large hydro developments; the capacity surplus that may result from cogeneration projects associated with oil sands development in Alberta; and improved transmission access to U.S. markets. Imports may also increase over time as a result of increased trading activities, particularly from provinces with hydro storage capacity.

**Electricity Export and Import Prices**

Electricity markets are regional in nature. Thus, provincial export and import prices often reflect the pricing trends in adjacent U.S. wholesale markets. This suggests that there is some degree of market integration at the wholesale level, i.e., power can flow based on market price signals and the provinces can benefit from being able to export or import. In some cases, market integration is constrained by existing transfer limits on transmission systems and/or transmission congestion, and not all provinces have direct access to the export market (e.g., Alberta, Nova Scotia and Newfoundland and Labrador).

The relationship between export and import prices varies from province to province. When export prices are higher, particularly for the hydro provinces, it is because exports generally occur during peak periods when prices are relatively high and imports occur during off-peak periods. When import prices are higher than export prices, it is normally because imports are needed at peak periods, to compensate for local supply deficiencies.

**Implications for Consumers**

In recent years, electricity prices have been extremely volatile in some market areas, as evidenced by trends in import and export prices. Volatility can be exacerbated by fundamental supply/demand imbalances, for example, when growth in generation fails to match growth in demand.

Canadian consumers remain generally protected from price volatility through utility regulation. Moreover, some provinces, such as B.C., Manitoba, Québec and New Brunswick, use export revenue to maintain domestic electricity prices at levels that are lower than they would otherwise be. Since May 2002, Ontario has had a competitive wholesale market in the form of the IMO-administered market. However, with the implementation of a retail price cap until 2006, a large portion of Ontario electricity consumers will not be affected by price changes in the wholesale market. Thus, with the exception of Alberta, there is no direct relationship between the prices most Canadian consumers pay and competitive wholesale prices. From this perspective, domestic electricity prices are different from oil and gas prices, which reflect supply and demand conditions in competitive markets.

**Transmission and Regional Transmission Organizations (RTOs)**

The structure of the North American transmission grid is being reshaped by the FERC RTO and Standard Market Design (SMD) initiatives. Many market participants believe that RTO development will promote trade by increasing access and lowering transmission costs.

Practically all provinces have expressed interest in some form of participation in RTOs. Manitoba has

already concluded a coordination agreement with the Midwest Independent System Operator and B.C., New Brunswick and Nova Scotia have supported RTO membership. Québec, Ontario and Alberta are assessing their strategic options. Apart from the technical challenges posed by the implementation of SMD, or achieving operational compatibility with SMD, concerns in Canada have been raised with respect to regulatory sovereignty, RTO governance, and ensuring that the interests of Canadian consumers are not compromised.

Canadian entities have also identified the need for more transmission to the U.S. as a means to foster future trade. To improve access to U.S. markets, a number of new transmission projects have been proposed over the past two to three years. An innovative aspect of some of these proposals is that they would be merchant power lines, targeting specific export markets.

National Energy Board
Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



01/22
**For immediate release**
**25 May 2001**

**National Energy Board Releases Natural Gas Liquids Market Assessment**

**CALGARY** - Unprecedented high energy prices have had an impact on the Natural Gas Liquids (NGL) industry says a report released today by the National Energy Board.

The Board's latest Energy Market Assessment report entitled *North American Natural Gas Liquids Pricing and Convergence* provides a background on NGL pricing and the impact of energy price convergence.

"High natural gas prices during the November 2000 to January 2001 period had an impact not only on NGL prices, but on how liquids were valued," says Board Chairman Ken Vollman. "As a result, NGL prices are expected to continue to be influenced by both oil and gas prices."

As part of its mandate, the Board continually monitors the Canadian supply of all energy commodities (including electricity, oil, natural gas and their byproducts) and the demand for Canadian energy commodities in both domestic and export markets. This report is part of a series of Energy Market Assessment Reports and focuses on current issues specifically related to Natural Gas Liquids.

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**This news release and the report are available on the Board's Internet Site at http://www.neb-one.gc.ca under the heading *What's New*.**

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National Energy Board Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



01/21

**For immediate release**
**24 May 2001**

## AGREEMENT REACHED TO DEVELOP A DRAFT FRAMEWORK FOR A SINGLE ENVIRONMENTAL ASSESSMENT PROCESS FOR PIPELINE PROPOSALS

**YELLOWKNIFE, NWT --** A draft framework for a single environmental assessment process will be developed for the review of Mackenzie Valley and Beaufort offshore pipeline proposals. The agreement was reached following two days of meetings of the chairs of the boards and agencies with responsibility for regulating energy developments in the Northwest Territories.

The draft framework will also consider integration of the various regulatory requirements applicable to the project and will support and respect the spirit and intent of land claims agreements. The parties are optimistic the draft framework will be developed by the end of the summer. Once developed, the draft framework will be made available for comment and will be subject to ratification by the relevant authorities.

In a meeting earlier this week with the chairs, the Honourable Robert Nault, Minister of Indian Affairs and Northern Development, expressed strong support for the important work of the northern resource management boards. The boards were encouraged by the commitment of federal resources to address pressing capacity issues.

Since November 2000, the parties have met several times to explore their willingness and ability to cooperate and coordinate the review process for northern gas development. The parties involved include: the National Energy Board, the Mackenzie Valley Environmental Impact Review Board, the Environmental Impact Screening Committee and the Environmental Impact Review Board for the Inuvialuit Settlement Region, the Canadian Environmental Assessment Agency, the Department of Indian Affairs and Northern Development, the Mackenzie Valley Land and Water Board, the NWT Water Board, the Inuvialuit Land Administration, the Inuvialuit Game Council, the Sahtu Land and Water Board, the Gwich'in Land and Water Board, and the Government of the Northwest Territories.

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National Energy Board
Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



**01/20**
**For immediate release**
**18 May 2001**

## NEB INVITES PUBLIC COMMENTS ON ENVIRONMENTAL ASPECTS OF AN APPLICATION FROM WESTCOAST ENERGY TO CONSTRUCT THE GRIZZLY EXTENSION PIPELINE AND THE WEEJAY LATERAL

**CALGARY** - The National Energy Board is inviting public comments on the environmental aspects of an application by Westcoast Energy Inc. (Westcoast) to extend the Grizzly Raw Gas Transmission System and to construct the Weejay Lateral in British Columbia and Alberta. Any person who wishes to comment should file a copy with Westcoast and the Secretary of the Board no later than **Thursday, 27 June 2001.**

Westcoast applied to construct approximately 108.5 kilometres (67 miles) of 406.4 millimetre (16 inch) pipeline extending the Grizzly Raw Gas Transmission System from a point in northeast British Columbia, approximately 30 kilometres (19 miles) southeast of Tumbler Ridge to a proposed receipt point in Alberta approximately 110 kilometres (68 miles) southwest of Grande Prairie. Westcoast also proposes to construct approximately 6.3 kilometres (4 miles) of 273 millimetre (10 inch) pipeline, to be known as the Weejay Lateral, from a well site in British Columbia to a tie-in point on the proposed Grizzly Extension Pipeline.

The proposed facilities will permit Westcoast to connect additional gas reserves in the Ojay/Weejay area of British Columbia and the Narraway area of Alberta. The estimated cost of the proposed facilities is $64.5 million and the proposed in-service date is 1 December 2001.

As part of its application, Westcoast has prepared an environmental assessment document. To satisfy the requirements of the *Canadian Environmental Assessment Act*, the Board has determined that a comprehensive study must also be conducted for the project. The Board has delegated the responsibility for completing this study and preparing a comprehensive study report to Westcoast. The Board, the Canadian Environmental Assessment Agency, on behalf of the Minister of Environment, and the Department of Fisheries and Ocean have prepared a scoping document for the environmental assessment. To ensure that the public has the opportunity to comment on the environmental aspects of this project and provide input to the comprehensive study process, documents related to the environmental assessment of the project will be available at the locations listed below.

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**This news release and the document *Scope of the Environmental Assessment* are available on the Board's Internet site at www.neb-one.gc.ca**

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| **For a copy of Westcoast's Environmental Assessment:** | Westcoast Energy Inc.<br>Pipeline & Field Services Division<br>1333 West Georgia Street<br>Vancouver, BC V6E 3K9<br>Telephone: (604) 691-5714<br>Telecopier (604) 691-5884<br>Email: bjardine@wei.org |
| **For a copy of the Scope of the Environmental Assessment:** | Publications Office<br>Ground Floor<br>444 Seventh Avenue SW<br>Calgary, AB T2P 0X8<br>Telephone: (403) 299-3562<br>Telecopier: (403) 292-5576<br>Email: publications@neb-one.gc.ca |

**To view the application:**

National Energy Board
444 Seventh Avenue SW
Calgary, AB

Westcoast Energy Inc.
1333 West Georgia Street
Vancouver, BC

**Westcoast will be making available, in the near future, copies of the application and the environmental documents for public viewing at the following libraries:**

Fort St. John Public Library
10015 100th Avenue
Fort St. John, BC

Tumbler Ridge Public Library
340 Front Street
Tumbler Ridge, BC

Dawson Creek Public Library
1001 McKellar Avenue
Dawson Creek, BC

Grande Prairie Library
9910 - 99 Avenue
Grande Prairie, AB

Chetwynd Public Library
5012 46th Street
Chetwynd, BC

National Energy Board
Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



01/19

**For release at 2:30 p.m. (MT)**
**15 May 2001**

## NATIONAL ENERGY BOARD APPROVES ENBRIDGE TERRACE PHASE II PIPELINE EXPANSION PROJECT

**CALGARY** – The National Energy Board has approved an application by Enbridge Pipelines Inc. (Enbridge) of Edmonton to construct and operate oil pipeline facilities which comprise Phase II of its Terrace Expansion Program. Enbridge applied to construct 123 kilometres (76 miles) of 914 millimetre (36 inch) oil pipeline over three separate segments located between its Hardisty, Alberta terminal and its Kerrobert, Saskatchewan terminal.

The decision follows a public hearing held in Calgary 19 and 20 March 2001.

The approved facilities are the second phase of a multi-phase Terrace Expansion Program agreed upon by industry and Enbridge. Terrace Phase I was approved by the Board in 1998.

The estimated capital cost of the expansion facilities is $140 million. The applied-for facilities would increase the capacity of the Enbridge pipeline system by 6 900 cubic metres (43,400 barrels) per day. The company is planning an in-service date by late 2001.

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**For a copy of Reasons for Decision OH-1-2000:**

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**Or:** orders@neb.gc.ca

**This news release and the Board's Reasons for Decision are available on the Board's Internet site at www.neb.gc.ca**

Canada

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# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8





01/18

**For immediate release**
**10 May 2001**

## National Energy Board Releases Electricity Market Assessment

**CALGARY** - Even with rising electricity demand in recent years, most Canadian provincial electricity markets are adequately supplied according to a report released today by the National Energy Board.

The Board's latest Energy Market Assessment report entitled *Canadian Electricity Trends and Issues* examines electricity demand and generation in Canada and provides a province-by-province analysis of trade, regulatory developments (including restructuring initiatives) and electricity prices.

"We consulted a variety of stakeholders including those in generation, transmission and distribution companies, marketers, end-users, consumer groups and government agencies to prepare this report," says Board Chairman Ken Vollman. "Our analysts found that Canada has a regionally diverse market and, therefore, the extent of industry restructuring depends on the characteristics of the individual markets."

The report notes that most Canadians, except for Albertans, have experienced stable electricity prices during the last few years. Canadian electricity generation is predominantly hydro-based and, as such, is cost-competitive with many North American jurisdictions. In fact, most hydro-rich provinces have surplus energy available for domestic and international trade. (See attached backgrounder)

As part of its mandate, the Board continually monitors the Canadian supply of all energy commodities (including electricity, oil, natural gas and their byproducts) and the demand for Canadian energy commodities in both domestic and export markets. This report is part of a series of Energy Market Assessment Reports and focuses on current issues specifically related to electricity.



Canada

**A copy of this news release and the report are available on the Board's Internet Site at http://www.neb-one.gc.ca under the heading *What's New*.**

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**For pick-up at the NEB office:**

Library, Ground Floor

# BACKGROUNDER

This National Energy Board Energy Market Assessment (EMA) focusses on current trends and issues in Canadian electricity markets.

The EMA has been undertaken as part of the Board's regulatory mandate with respect to the monitoring of Canadian supply of energy commodities, including electricity. The timing of the report is influenced by the recent volatility in energy prices, specifically, electricity prices in some U.S. and Canadian regions, and the significant changes occurring in the Canadian electricity sector. The report is intended to contribute to the public's understanding and awareness of current developments.

The EMA starts with an overview of the current Canadian electricity situation before moving to a general discussion of electricity restructuring and related issues. It follows with analyses of the provincial markets, covering several aspects including supply and demand, trade, market structure, regulation and pricing. The final chapter contains a number of observations which result from the analysis.

Highlights of the report include the following:

A key feature of the Canadian electricity market is its regional diversity, as indicated by the differences in fuels used for power generation, market structure, regulation and pricing.

Even with rising electricity demand in recent years, most provincial electricity markets seem to be adequately supplied. In Alberta, where supply has been relatively tight, new generation capacity is expected to become available over the next few years.

While the share of natural gas in Canadian electricity production is relatively small (four percent), most new generation projects in Canada are expected to be gas-fired. Many of these projects were planned before the sharp increase in gas prices, and the prospect of continued high gas prices has renewed some investor interest in constructing coal-fired power plants. Moreover, a high energy price environment could support increased investments in newer, more environmentally-benign generation technologies.

Canadian electricity generation is predominantly hydro-based and as such is generally cost-competitive with other North American jurisdictions. Due to the operations of hydraulic systems, most hydro-rich provinces have surplus energy available for domestic and international trade. Canadian legislation requires that exports must be authorized by the NEB, and that interested Canadian electricity buyers be provided the opportunity to purchase the electricity, for use in Canada, on similar terms and conditions as the proposed export sale. Exports to the U.S. have generally accounted for less than nine percent of domestic generation in recent years.

The electricity transmission interests in several provinces are considering membership in regional transmission organizations (RTOs), which are expected to facilitate access by Canadian exporters to U.S. markets and access by Canadians to U.S. supplies. RTO formation could lead

to more north-south trade and further integration of U.S. and Canadian electricity markets. To the extent that Canadian competitiveness can be maintained, higher export revenue would result. Market integration could also result in upward price pressure in some provinces.

The EMA comments on the phenomenon of convergence between natural gas and electricity markets as the result of the increasing use of gas in power generation. An important aspect is that gas prices and power prices have become closely related in these markets. Convergence is demonstrated by some recent trends: high natural gas prices throughout the U.S. affecting Canadian electricity export revenues; the price of natural gas influencing electricity prices in the Power Pool of Alberta; and electricity demand in California contributing to relatively high prices for gas exports from British Columbia.

Some provinces are undergoing fundamental changes with respect to the restructuring of their markets. However, the unbundling of generation, transmission and distribution services is occurring at an uneven pace across the country. Alberta introduced full retail access (when all consumers have choice among electricity marketers) 1 January 2001, while in April 2001, Ontario stated that it will implement full retail access in May 2002 (initially scheduled for 1 November 2000). New Brunswick has recently announced plans for electricity market reforms. While some provinces currently provide, or plan to provide, wholesale access, there are no definitive plans at this time to extend full retail access beyond Ontario.

Jurisdictions that have opted for restructuring have pursued two main objectives, i.e., lower prices and more customer choice. Competition may result in lower prices; however, upward price pressures may result from higher costs resulting from the risk faced in a competitive market environment.

Canadian residential electricity prices are among the lowest of the industrialized countries, and prices tend to be lower in hydro-rich provinces. In all provinces, with the recent exception of Alberta, consumer prices have been generally stable, or have increased by relatively small amounts, over the past several years. This can be attributed, to some extent, to the stabilizing effect of cost-of-service regulation and, in some provinces, the implementation of price freezes. Another factor that may have contributed to electricity price stability is that, electricity prices, unlike oil and natural gas, are less subject to fluctuations resulting from international market forces. Therefore, in the Canadian context, volatile energy prices do not necessarily mean volatile electricity prices.

When prices are not market-based, as is now the case for most Canadian electricity markets, consumers may not receive the appropriate price signals to guide their consumption behaviour. Growing reliance on market forces in other sectors of the economy and in other electric power jurisdictions in North America is causing Canadian provinces to consider the adoption of market-based structures. However, the record of low electricity prices, provided for the most part by provincially-owned utilities under the traditional market structure, and the recent experience with price volatility in California, have caused most provinces to move cautiously toward developing comprehensive restructuring plans.

National Energy Board | Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8

01/12

**For immediate release**
**10 April 2001**

## NATIONAL ENERGY BOARD APPROVES WESTCOAST ENERGY APPLICATION TO PURCHASE MAXHAMISH PIPELINE

**CALGARY –** The National Energy Board has approved an application by Westcoast Energy Inc. (Westcoast) of Vancouver to purchase and operate a natural gas pipeline in the Maxhamish area of northeast British Columbia.

The approval is the result of a written hearing process conducted by the Board.

Westcoast plans to purchase and operate approximately 67.6 kilometres (42 miles) of 323.9 millimetre (12 inch) pipeline and associated facilities from AEC Oil & Gas Co. Ltd. (AEC) of Calgary.

AEC built the pipeline during the winter of 1998/1999 to transport raw gas and associated natural gas liquids. Westcoast plans to use the facility as a sour raw gas transmission pipeline.

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**For a copy of Reasons for Decision GHW-3-2000:**

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**This news release is also available on the Board's website at www.neb.gc.ca**

National Energy Board
Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



**01/09**
**For immediate release**
**22 March 2001**

**NEB RELEASES ITS REASONS FOR DECISION ON AN APPLICATION BY MURPHY OIL COMPANY LTD. FOR THE CHINCHAGA SALES GAS PIPELINE LOOP**

**CALGARY** - The National Energy Board today released its Reasons for Decision concerning an application by Murphy Oil Company Ltd. (Murphy) to construct and operate the Chinchaga Sales Gas Pipeline Loop in Northern British Columbia and Alberta. On 22 February, the Board had announced, from the Bench, its decision to approve the application with the Reasons for Decision to follow at a later date.

Murphy had applied construct and operate a sales gas pipeline loop comprising approximately 17.2 kilometres (10.3 miles) of 323.8 millimetres (12 inches) pipeline beginning at the existing Pioneer Natural Resources Canada Inc. (PNRC) facilities in the Chinchaga area of British Columbia, 130 kilometres (80 miles) north of Fort St. John, and terminating at the PNRC compressor station, 130 kilometres (80 miles) northwest of Manning, Alberta. The capital cost of the project is approximately $4.7 million.

The application was considered at a public hearing held 15, 16, 17 and 19 February 2001 in Calgary.

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**This News Release and the Reasons for Decision GH-1-2001 are available on the Board's Internet site at www.neb.gc.ca.**

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National Energy Board | Office national de l'énergie

# NewsRelease

444 Seventh Avenue SW, Calgary, Alberta T2P 0X8



00/40

**For immediate release**
**22 December 2000**

## NATIONAL ENERGY BOARD APPROVES APPLICATION BY RICKS NOVA SCOTIA CO. TO CONSTRUCT THE LADYFERN PIPELINE

**CALGARY –** The National Energy Board has approved an application by Ricks Nova Scotia Co. (Ricks) of Calgary to construct and operate the Ladyfern Pipeline at the British Columbia/Alberta border, northeast of Fort St. John.

The decision follows a public hearing held in Calgary 6-7 December 2000.

The company plans to construct a 12 kilometre (7.5 miles), 273.1 millimetre (10 inch) natural gas pipeline, originating in northeastern British Columbia and connecting with the Nova Gas Transmission Ltd. Owl Lake South Meter Station in Alberta.

The capital cost of the proposed project is approximately $3 million. The company is proposing an in-service date of March 2001.

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This news release and the Board's Reasons for Decision are also available at www.neb.gc.ca



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